

Fundamental Value

High Conviction
You Can
Count On

Our investors seek the long-term risk and return characteristics that only true value investing can provide.

Like our investors, we believe that the market offers opportunities for disciplined investors to acquire stakes in strong businesses at attractive valuations. We also believe that pursuing these opportunities requires the humility, patience and concentration of an experienced specialist.

At State Street Global Advisors, we deliver the distinct exposures that investors expect from an unconstrained fundamental value manager. Across all phases of the market cycle, our process and portfolios reflect a consistency and conviction that is increasingly hard to find.

Value Investing Requires Clarity of Purpose

Over decades of practicing our craft, we have developed a clearly defined philosophy of value that underpins all aspects of our investment approach.

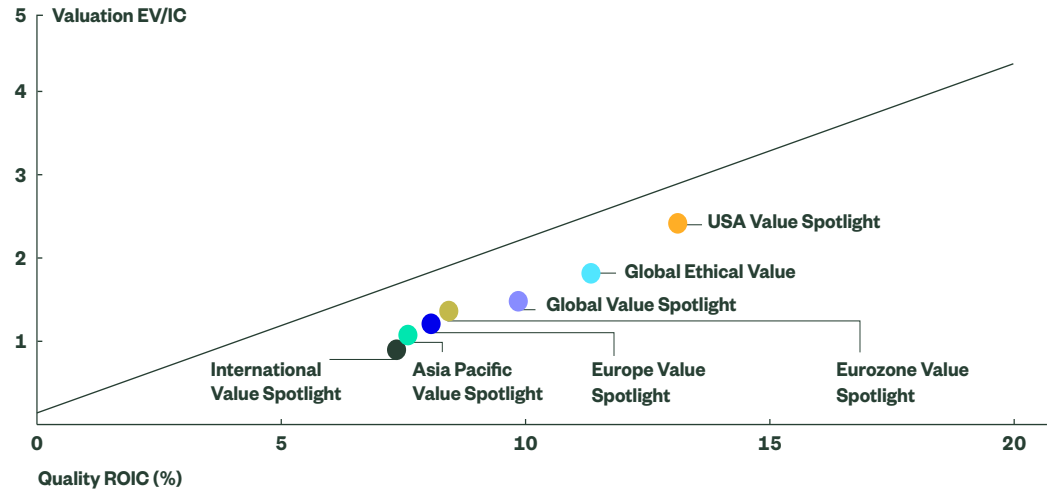
Defining Value on Our Terms

When putting our clients' capital to work, our goal is to maximize the earnings power of every dollar we deploy. We aggressively pursue value wherever we find it, rather than being influenced by benchmarks and indices whose rules run counter to our definition of value. We do not believe that there is safety in numbers — quite the opposite. Popular stocks rarely score well on the metrics we have identified as the true indicators of value.

Value The Trade-off Between Price and Quality

We seek opportunities where the market's valuation of a company is disconnected from our view of the quality of that business. In making this assessment, we focus on both sustainable earnings power and capital efficiency, or the manner in which management deploys shareholder capital. We capture both in one metric — return on invested capital (ROIC) — and then look for companies where the market rating of invested capital (EV/IC) is low relative to the productivity of that capital (ROIC).

Figure 1
Finding Undervalued Earnings Power



Source: CSFB Holt — a trade-mark of Credit Suisse Group, State Street Global Advisors, as of February 28, 2022.

Analyzing Value on Common Ground

As bottom-up investors who allocate capital based on the attractiveness of individual stocks, our analysis of each opportunity must be comparable — across sectors and regions. Our proprietary screening tools, customized accounting framework, common modeling and valuation tools and centralized location all reinforce our pursuit of this goal.

Value Investing Requires Uncommon Conviction

Our benchmark-agnostic, highly concentrated approach empowers us to invest in only our most compelling ideas.

Delivering the Exposures Value Investors Seek

Many managers claim to buy only quality companies that are cheap. This is much easier said than done, even for many value managers. But you always know where to find our strategies on a style map.

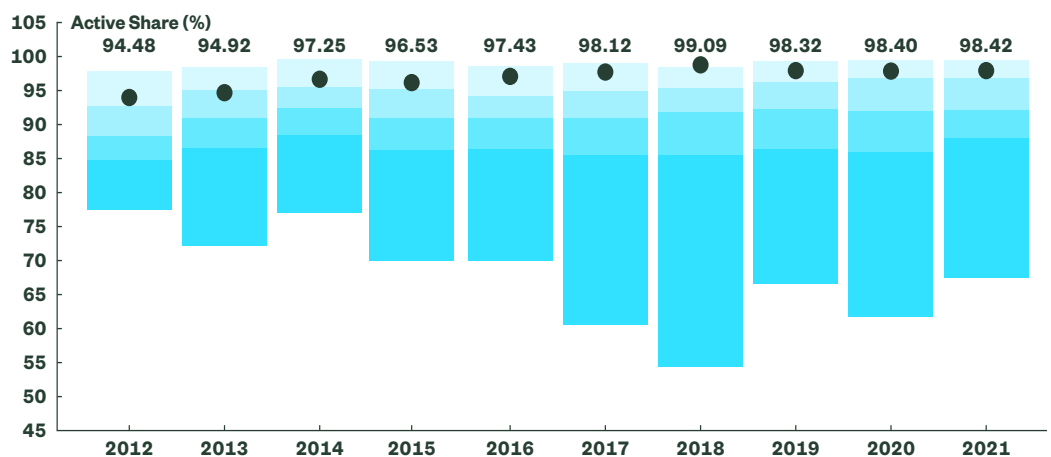
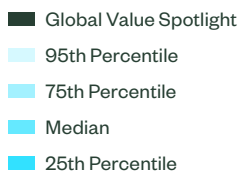
We believe in and adhere to our process, so our portfolios are exactly what you would expect from a high-conviction, fundamental value manager. This is especially important for investors using a core-satellite structure, in which highly concentrated, fundamental value is a diversifying complement to other portfolio positions.

Our discipline and consistency are rooted, not in blind adherence to a quaint philosophy, but in lessons learned over decades. We know that in seeking to protect and grow our clients' capital, we will "miss out" on some opportunities. This is a trade-off we are willing to accept because staying true to our mandate is the right thing to do for our clients.

Concentrating on Our Best Ideas

Holding concentrated portfolios empowers us to invest in only the most compelling opportunities and avoid the perils of over-diversification. We cast a wide net, starting from a universe of nearly 5,000 stocks. We then conduct rigorous research and ultimately focus our portfolios on 30–40 of our very best ideas. This concentrated approach means that all our strategies have high active share and the alpha-generating potential our investors seek.

Figure 2
Active Share Proves Our Conviction



Source: Evestment, December 2021. The rankings information is provided by eVestment Analytics. Observations based upon voluntarily self-reported data to eVestment. The rankings information is provided by eVestment Analytics. Rankings are based on total return performance and do not reflect management fees. Observations based upon voluntarily self-reported data to eVestment.

Value Investing Requires an Enduring Culture

We have built a team and culture that are steadfastly focused on the craft of fundamental value investing.

Consistency That Stems from Stability

Our highly competitive track record is a direct result of the stability of our team (12 years average tenure; 22 years average industry experience) and the consistency with which we apply our investment process.

All Our Thinking Under One Roof

Our entire team is located in our open-plan office in Dublin, Ireland. Having everyone together cultivates a distinct culture and promotes ongoing conversations — and subjects our ideas to scrutiny from a range of perspectives.

Structured to Encourage Collaboration

Our portfolio managers and analysts are peers in every sense of the word. This structure creates more opportunities, leads to exceptional stability and fosters collaboration across every phase of the investment process.

Aligned with Investors' Objectives

Our performance-based compensation involves an extended look-back period that strengthens our focus on long-term returns. Co-investing alongside our clients reinforces this alignment of interests.

Backing of a Global Leader

We have been committed to fundamental value investing for more than five decades. Since joining State Street from Bank of Ireland in 2011, we have continued to pursue this mandate in unflinching style. We operate like a boutique firm in terms of our focus and specialization, and we leverage State Street's powerful trading, distribution and support services. The financial stability that comes with being a part of the world's third-largest asset manager allows us to remain true to highly concentrated fundamental value investing through all market cycles.

To learn more about our fundamental value capabilities, visit ssga.com/fundamental-value

About State Street Global Advisors

For four decades, State Street Global Advisors has served the world's governments, institutions and financial advisors. With a rigorous, risk-aware approach built on research, analysis and market-tested experience, we build from a breadth of active and index strategies to create cost-effective solutions. As stewards, we help portfolio companies see that what is fair for people and sustainable for the planet can deliver long-term performance. And, as pioneers in index, ETF, and ESG investing, we are always inventing new ways to invest. As a result, we have become the world's fourth-largest asset manager* with US \$4.14 trillion[†] under our care.

* Pensions & Investments Research Center, as of December 31, 2020.

[†] This figure is presented as of December 31, 2021 and includes approximately \$61.43 billion of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.

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Abu Dhabi: State Street Global Advisors Limited, ADGM Branch, Al Khatem Tower, Suite 42801, Level 28, ADGM Square, Al Maryah Island, P.O. Box 76404, Abu Dhabi, United Arab Emirates. Regulated by the ADGM Financial Services Regulatory Authority. T: +971 2 245 9000. **Australia:** State Street Global Advisors, Australia, Limited (ABN 42 003 914 225) is the holder of an Australian Financial Services License (AFSL Number 238276). Registered office: Level 14, 420 George Street, Sydney, NSW 2000, Australia. T: +612 9240-7600. F: +612 9240-7611. **Belgium:** State Street Global Advisors Belgium, Chaussée de La Hulpe 185, 1170 Brussels, Belgium. T: +32 2 663 2036. State Street Global Advisors Belgium is a branch office of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. **Canada:** State Street Global Advisors, Ltd., 1981 McGill College Avenue, Suite 500, Montreal, Qc, H3A 3A8, T: +514 282 2400 and 30 Adelaide Street East Suite 800, Toronto, Ontario M5C 3G6. T: +647 775 5900. **France:** State Street Global Advisors Europe Limited, France Branch ("State Street Global Advisors France") is a branch of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. State Street Global Advisors Netherlands, Apollo Building 7th floor, Herikerbergweg 29, 1101 CN Amsterdam, Netherlands. T: +31 20 7181 000. State Street Global Advisors Netherlands is a branch office of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's

Munich, Germany ("State Street Global Advisors Germany"). T: +49 (0)89 55878 400. State Street Global Advisors Germany is a branch of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2.

Hong Kong: State Street Global Advisors Asia Limited, 68/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. T: +852 2103-0288. F: +852 2103-0200.

Ireland: State Street Global Advisors Europe Limited is regulated by the Central Bank of Ireland. Registered office address 78 Sir John Rogerson's Quay, Dublin 2. Registered Number: 49934. T: +353 (0)1 776 3000. F: +353 (0)1 776 3300. **Italy:** State Street Global Advisors Europe Limited, Italy Branch ("State Street Global Advisors Italy") is a branch of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. State Street Global Advisors Italy is registered in Italy with company number 11871450968 – REA: 2628603 and VAT number 11871450968, and its office is located at Via Ferrante Aporti, 10 - 20125 Milan, Italy. T: +39 02 32066 100. F: +39 02 32066 155.

Japan: State Street Global Advisors (Japan) Co., Ltd., Toranomon Hills Mori Tower 25F 1-23-1 Toranomon, Minato-ku, Tokyo 105-6325 Japan. T: +81-3-4530-7380. Financial Instruments Business Operator, Kanto Local Financial Bureau (Kinsho #345), Membership: Japan Investment Advisers Association, The Investment Trust Association, Japan, Japan Securities Dealers' Association. **Netherlands:** State Street Global Advisors Netherlands, Apollo Building 7th floor, Herikerbergweg 29, 1101 CN Amsterdam, Netherlands. T: +31 20 7181 000. State Street Global Advisors Netherlands is a branch office of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's

Quay, Dublin 2. **Singapore:** State Street Global Advisors Singapore Limited, 168, Robinson Road, #33-01 Capital Tower, Singapore 068912 (Company Reg. No: 200002719D, regulated by the Monetary Authority of Singapore). T: +65 6826-7555. F: +65 6826-7501. **Switzerland:** State Street Global Advisors AG, Beethovenstr. 19, CH-8027 Zurich. Registered with the Register of Commerce Zurich CHE-105.078.458. T: +41 (0)44 245 70 00. F: +41 (0)44 245 70 16. **United Kingdom:** State Street Global Advisors Limited. Authorised and regulated by the Financial Conduct Authority. Registered in England. Registered No. 2509928. VAT No. 577659181. Registered office: 20 Churchill Place, Canary Wharf, London, E14 5HJ. T: 020 3395 6000. F: 020 3395 6350. **United States:** State Street Global Advisors, 1 Iron Street, Boston, MA 02210-1641. T: +1 617 786 3000.

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